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1992 ECONOMIC OUTLOOK DOCUMENT RELEASED

Toronto -- Ontario Treasurer Floyd Laughren today released the Economic Outlook for 1992, which forecasts continued high unemployment, but moderate growth, in the next few years.

The Economic Outlook was tabled at the same time the Treasurer announced the government's improved process for pre-budget consultations.

In discussing the forecasts contained in the document, Laughren said, "The Economic Outlook indicates annual growth is expected to reach 3.6 per cent between 1992 and 1995, compared with the 6 per cent averaged during the mid-1980s," Laughren said.

"Consumer spending, which dropped in 1991 due to the recession and the federal Goods and Services Tax, is forecast to rise by 2.8 per cent in 1992 -- owing to lower interest rates, improved housing and employment growth.

"There should be growth in residential construction, and in knowledge-based industries, such as telecommunications. Growth in those industries is forecast to increase considerably faster than the economy as a whole, to meet the rising demands for business modernization.

"So, too, will the business services sector, including banks and other financial institutions, finance and insurance companies, legal and accounting services."

However, he said, most of the news is not very good.

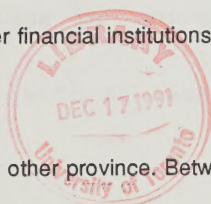
"We know that the recent recession has hit Ontario harder than any other province. Between February 1990 and February 1991, 260,000 jobs were lost.

"Although Ontario accounts for 38 per cent of the national labour force, the province accounted for roughly 80 per cent of the jobs lost in Canada during this period. Thousands of those jobs are gone forever because of plant shutdowns.

"Over the same 12-month period, total output fell by more than 5 per cent, and employment dropped by 5.2 per cent.

"For 1992, the unemployment rate in Ontario is expected to be approximately 9.3 per cent."

Laughren noted that, according to the Economic Outlook, the pace of consumption growth in 1992 will be moderate -- less than half that recorded in the 1984-86 period. The growth in retail sales will be considerably lower as a result. The figures suggest strongly that there will be very little let-up on our fiscal pressures, he said.



"We must manage within an environment of reduced financial flexibility. We must take into account the very real pressures the recession has brought to bear on our economy, and I am saying right now that my announcement next week of our government's funding plans for our major transfer partners will reflect this.

Laughren said the pre-budget consultations, which will take place over the next few months, will give Ontarians an increased understanding of the challenges that lie ahead.

"There are going to have to be some tough choices made, if we are to meet the fiscal and budgetary targets that have been identified. And we want the people of Ontario to help us make those choices."

-30-

FOR MORE INFORMATION, CALL:

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FACT SHEET - ONTARIO ECONOMIC OUTLOOK 1992

- * Total number of jobs lost in the 12 months starting February, 1990: 260,000
- * Percentage of all jobs lost in Canada in that period that were lost in Ontario: 80
- * Percentage of national workforce Ontario workers account for: 38
- * Percentage drop in economic output for the same period: 5.4
- * In employment: 5.2
- * Estimated percentage of workforce expected to be unemployed over the next four years: 8.6
- * Expected annual economic growth between 1992 and 1995, in per cent: 3.6
- * Average during the mid-1980s: 6
- * Approximate number of Ontarians who now rely on welfare or family benefits: 1,000,000
- * Number of jobless who have been looking for work for more than 6 months: 100,000
- * 1991 unemployment rate for those who never attended high school, in per cent: 14.4
- * For those with at least one year college or university education: 6.9
- * Percentage of Ontario's workers, in 1991, with at least one year of college or university: 50
- * In 1980: 30
- * Sectors of the economy expected to do relatively well: telecommunications and computers, residential construction, the business services sector, including banks and other financial institutions, finance and insurance companies, accountants and lawyers.
- * Expected to have continued sluggish growth: commercial construction, industrial materials, resources industries and agriculture.
- * Predicted rise in consumption in 1992, in per cent: 2.8

- * Number of times, since the Great Depression, that the share of corporate profits in national income was as low as in 1991: 0
- * Drop in Ontario's real trade surplus in 1991, in billions of dollars: 2.7

(*Source: Ontario Economic Outlook, 1992)

